

Message Text

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PAGE 01 BERN 02887 121638Z

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STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

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SUBJECT: SWISS VIEWS ON TRADE NEGOTIATIONS

SUMMARY. AMBASSADOR PAUL JOLLES SAYS SWISS WELCOME
MULTILATERAL TRADE NEGOTIATIONS DESPITE CURRENT MONETARY
UNREST BUT WARNS AGAINST ESCAPE CLAUSES IN US TRADE
LEGISLATION. END SUMMARY.

1. IN SPEECH BEFORE THE SWISS TECHNICAL ASSOCIATION (A
GROUP OF ARCHITECTS AND ENGINEERS), AMBASSADOR PAUL
JOLLES OUTLINED SWITZERLAND'S CURRENT ATTITUDES REGARDING
INTERNATIONAL TRADE NEGOTIATIONS. AMBASSADOR JOLLES TOLD
EMBOFF THAT WHILE THE VIEWS EXPRESSED ARE HIS PERSONAL
ONES, THEY REPRESENT AN AGREED POSITION AT THE TECHNICAL
LEVEL IN THE GOS AND HE EXPECTS THEY WILL RECEIVE LEGIS-
LATIVE BLESSING AFTER THE AUGUST HOLIDAYS.

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PAGE 02 BERN 02887 121638Z

2. FOLLOWING IS SUMMARY OF AMBASSADOR JOLLES' COMMENTS:

A. SWISS ECONOMY DEPENDENT ON WORLD TRADE AND UNHAMPERED INTERNATIONAL COMPETITION. FOR THIS REASON SWITZERLAND SUPPORTS SENSIBLE INITIATIVES TOWARD FURTHER TRADE LIBERALIZATION AND WELCOMES READINESS OF LEADING WORLD TRADE POWERS TO START NEW TRADE NEGOTIATIONS.

B. SWITZERLAND STRESSES MULTILATERAL NATURE OF NEGOTIATIONS AND BELIEVES THAT ALL COUNTRIES ACTIVE IN WORLD TRADE SHOULD BE ALLOWED PARTICIPATE IN GATT NEGOTIATIONS WITH EQUAL RIGHTS AND RESPONSIBILITIES. DESPITE CONCENTRATION OF ATTENTION ON US-EC-JAPAN TRI-POLAR RELATIONS, REMAINING EFTA COUNTRIES HAVE EXPORT ORIENTED ECONOMIES AND SHOULD NOT BE OVERLOOKED.

C. CONCLUSION SWISS-EC FREE TRADE AGREEMENT DOES NOT DIMINISH SWISS INTEREST IN ABOLISHING OTHER TRADE BARRIERS. IN AGREEMENT WITH EC, SWITZERLAND CONSCIOUSLY SOUGHT TO MAINTAIN AN AUTONOMOUS POSITION FOR CONDUCTING TRADE NEGOTIATIONS. SWITZERLAND UNDERSTANDS NEED TO AVOID FRAGMENTATION OF WORLD TRADE INTO GEOGRAPHIC BLOCS AND BELIEVES WORLDWIDE RECIPROCAL REDUCTION OF TARIFFS BEST WAY TO PROTECT TRADE INTERESTS OF COUNTRIES OUTSIDE OF TRADING BLOCS.

D. SWITZERLAND FULLY AWARE OF POLITICAL IMPLICATIONS OF US-EUROPE ECONOMIC PROBLEMS AND BELIEVES UPCOMING TRADE NEGOTIATIONS WILL REQUIRE VERY CAREFUL PREPARATION. TOKYO MINISTERIAL CONFERENCE WILL PROVIDE OPPORTUNITY FOR CLARIFICATION OF AIMS AND BASIS OF NEGOTIATIONS NEEDED TO AVOID FUTURE MISUNDERSTANDINGS.

E. WHILE IT IMPORTANT NOT TO OVERLOOK RELATIONSHIPS BETWEEN TRADE, FOREIGN EXCHANGE, INVESTMENT, AND DEVELOPMENT, NEGOTIATIONS ON EACH SECTOR SHOULD BE CONDUCTED SEPARATELY BECAUSE EACH SECTOR IMPORTANT IN ITSELF. TASK OF COORDINATING THESE SECTORS SHOULD BE TAKEN OVER BY CONSULTATIVE BODY SUCH AS OECD EXECUTIVE COMMITTEE. GATT NEGOTIATIONS SHOULD CONCENTRATE ON TRADE AND NOT BE HELD UP IF MONETARY TALKS DO NOT PROGRESS.

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PAGE 03 BERN 02887 121638Z

SINCE WORLD TRADE CAN OPERATE PROPERLY ONLY UNDER ORDERLY MONETARY SYSTEM, HOWEVER, TRADE NEGOTIATIONS MUST BE UNDERTAKEN ON ASSUMPTION INTERNATIONAL MONETARY SYSTEM WILL BE FUNCTIONING AGAIN WHEN TRADE TALKS CONCLUDED IN 1975.

F. GOALS OF TRADE NEGOTIATIONS MUST BE SET HIGH ENOUGH SO THAT POLITICAL AND ECONOMIC INTERESTS, AS WELL

AS GENERAL PUBLIC, WILL BE CONVINCED THAT BENEFITS ARE
WORTH THE EFFORT AND COST INVOLVED.

G. IT DECISIVE THAT PROGRESS IN FURTHER REDUCTION
OF TRADE BARRIERS NOT BE PURCHASED AT EXPENSE OF ESCAPE
CLAUSES WHICH CAN MAKE AGREEMENTS ILLUSORY. IT WELL
KNOWN THAT US TRADE BILL NOW BEFORE CONGRESS CONTAINS A
WHOLE SERIES OF SUCH CLAUSES BASED ON "UNFAIR TRADE
PRACTICES" AND "MARKET DISRUPTION." IT THEREFORE MOST
IMPORTANT TO SUBJECT SUCH PROTECTIONIST MEASURES TO
OBJECTIVE SCRUTINY BY AN INTERNATIONAL SUPERVISORY BODY
WHICH WOULD JUDGE IF SUCH MEASURES APPROPRIATE.
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